

H

HOUSING NOW

Hamilton

YOUR LINK TO THE HOUSING MARKET

Canada Mortgage and Housing Corporation

New Homes

Starts decline in the third quarter

• Third quarter Hamilton CMA housing starts are off last year's heated pace by 24.2 percent despite lower mortgage rates, job growth and a tight resale market. With 566 starts, singles are down 22.4 percent and multiples are off 27.4 percent at 312 starts. However, on a seasonally adjusted basis, housing starts trended higher compared to activity seen in the second quarter of this year.

• Housing starts have been trailing last year's pace in every quarter this year. However, most of the declines were recorded in the more expensive single detached segment. Less expensive multiple starts have only recently fallen off.

• Year-to-date housing starts are only down 14 percent thanks to what had been a strong showing in semi, townhome and apartment construction. The drop in third quarter multiples has now pushed year to date multiple construction 2.5 percent behind last year's pace. Single detached starts, which have languish all year, are 20.8 percent lower for the first three quarters of the year.

• By area, year to date housing starts are down in six of the eight submarkets. The exceptions are in Glanbrook (190) and Grimsby (242) where starts are up 30.1 percent and 236.1 percent respectively.

• Land, labour and material costs continue to push the average price

VOLUME 5, NUMBER 3
THIRD QUARTER 2003

IN THIS ISSUE

New Homes

1 Starts decline in the third quarter

Resale Market

2 MLS® sales accelerate in the third quarter

3 Mortgage rates still low by historical standards

Statistical Tables

3 Housing activity summary

4 Housing starts by area

4 Average price of absorbed single detached dwelling

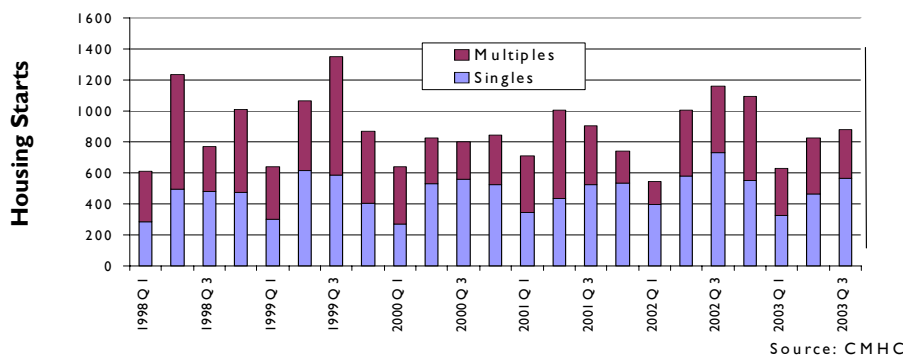
5 Single detached absorption activity by price range

6 MLS® housing activity

7 Economic indicators

8 Definitions

Hamilton CMA Housing Starts



of new homes higher. For the first nine months of the year, the average price of a new single detached home rose 7.6 percent to \$280,633. The sharpest increase this year is in Ancaster where an active move up market has pushed the average price 36 percent higher to \$294,099.

CMHC - Market Analysis
Brent Weimer
(416) 218-3329
bweimer@cmhc-schl.gc.ca



HOME TO CANADIANS
Canada

Resale Market

MLS® sales accelerate in the third quarter

• After a moderately slower start, the resale market has been building momentum as the year progresses. Extremely low mortgage rates and solid employment gains pushed MLS® sales significantly higher in the third quarter of this year.

• The Hamilton-Burlington and District Real Estate Board (HBDREB) registered the best third quarter on record with 3,506 MLS® sales, surpassing last year's level by more than 15 percent. MLS® sales have been at or above the 13,000 SAAR (seasonally adjusted annual rate) level for four consecutive months.

• The seasonally adjusted sales to new listings ratio hit 78 percent in the third quarter indicating that the resale market remains strongly in favour of the seller. Currently, Hamilton has one of the highest sales to new listings ratio in the province. The strong sales activity relative to limited supply of new listings indicates that much of the home buying activity is driven by first time buyers.

• With new listings remaining in short supply relative to the sales activity, price increases continued to outpace the general rate of inflation. The third quarter average MLS® price rose 5.8 percent on a year over year basis coming in at \$198,443. However, year over year price increases have moderated somewhat compared to the 9 percent hike witnessed in the second quarter.

• For the first nine months of the year, sales broke the 10,000 unit level (10,201) and are now ahead of last year's record high performance by 2.3 percent. Thus the Hamilton resale market is on pace to exceed last year's record.

• The Hamilton resale market has been in strong sellers' territory all year. At \$197,069, the year to date average MLS® price is 7.2 percent higher compared to the same period last year. The tight resale market witnessed over the past two years has been pushing prices up at a pace not seen since the housing boom of the late 1980s.

Mortgage rates on the rise - still low by historical standards

A decelerating inflation rate and lingering trade, health, and geopolitical risks will keep Canadian interest and mortgage rates low in the near future. Short-term Canadian interest rates are forecast to remain low over the next few months prior to rising 25-75 basis points in 2004. Long-term yields are forecast to continue their upward trend later this year and rise by 25-50 basis points both this year and in 2004.

One, three and five-year posted closed mortgage rates are expected to be in the 4.25-5.25, 5.25-6.25, and 6.00-6.75 per cent range respectively this year. The mortgage rates are forecast to rise by 0.50-0.75 per cent next year. Discounts from posted rates will be in the 0.5-1.5 per cent range.

Did you know?

For those who have difficulty meeting their housing needs on their own, CMHC plays a key role in helping them gain access to safe, affordable housing.

On behalf of the Government of Canada, we provide annual housing support to hundreds of thousands of low-income households in communities across the country. We also work in partnership with public, private and non-profit organizations as well as other levels of government to develop innovative financing and to increase the supply of affordable housing in Canada.

We are and we will continue to be **"Home to Canadians."**

Visit us at www.cmhc-schl.gc.ca and you will see a lot of information under one roof.

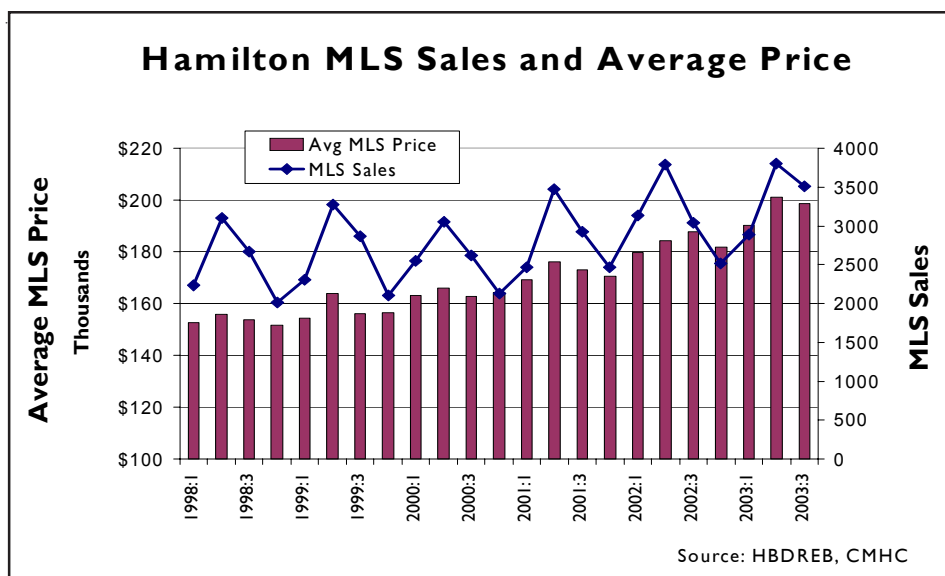


Table I: Housing Activity Summary for Hamilton CMA

	OWNERSHIP					RENTAL		GRAND **TOTAL
	FREEHOLD			CONDOMINIUM		ROW	APT	
	*SINGLE	*SEMI	ROW	ROW	APT			
STARTS								
Q3 2003	566	32	66	214	0	0	0	878
Q3 2002	729	32	253	121	6	0	12	1,159
% Change	-22.0%	0.0%	-74.0%	77.0%	-100.0%	NA	-100.0%	-24.0%
Year-to-date 2003	1,353	80	278	541	60	0	3	2,330
Year-to-date 2002	1,708	78	450	360	49	0	59	2,710
% Change	-21.0%	3.0%	-38.0%	50.0%	22.0%	NA	-95.0%	-14.0%
UNDER CONSTRUCTION								
September 2003	1,023	64	292	386	165	0	15	1,945
September 2002	874	60	403	239	208	0	12	1,802
COMPLETIONS								
Q3 2003	428	17	194	88	0	0	0	727
Q3 2002	645	28	57	64	132	0	47	973
% Change	-34.0%	-39.0%	**	38.0%	-100.0%	NA	-100.0%	-25.0%
Year-to-date 2003	1,317	61	399	375	20	3	12	2,187
Year-to-date 2002	1,504	104	219	395	281	0	47	2,550
% Change	-12.0%	-41.0%	82.0%	-5.0%	-93.0%	NA	-74.0%	-14.0%
COMPLETE & NOT ABSORBED								
September 2003	50	13	34	17	6	0	0	120
September 2002	286	28	44	90	46	0	0	494
ABSORPTIONS								
Q3 2003	451	15	196	89	1	3	0	755
Q3 2002	430	36	39	123	189	0	47	864
% Change	4.9%	-58.3%	**	-27.6%	-99.5%	NA	-100.0%	-12.6%
Year-to-date 2003	1,447	79	418	448	60	3	12	2,467
Year-to-date 2002	1,527	97	277	538	675	0	52	3,166
% Change	-5.2%	-18.6%	50.9%	-16.7%	-91.1%	NA	-76.9%	-22.1%

*Includes all market types

**Totals may not add up because "Tenure" may not be known until completion

Table 2A: Starts by Area and by Intended Market - Current Quarter

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	Q3 2002	Q3 2003	% change	Q3 2002	Q3 2003	% change	2002	2003	% change
Hamilton CMA	729	566	-22.4%	430	312	-27.4%	1159	878	-24.2%
Hamilton City	103	112	8.7%	26	46	76.9%	129	158	22.5%
Burlington City	253	179	-29.2%	374	93	-75.1%	627	272	-56.6%
Stoney Creek City	220	61	-72.3%	10	10	0.0%	230	71	-69.1%
Ancaster Town	44	53	20.5%	0	63	NA	44	116	163.6%
Dundas Town	23	11	-52.2%	8	0	-100.0%	31	11	-64.5%
Flamborough	47	46	-2.1%	0	0	NA	47	46	-2.1%
Glanbrook	20	50	150.0%	12	41	241.7%	32	91	184.4%
Grimsby Town	19	54	184.2%	0	59	NA	19	113	494.7%

Table 2B: Starts by Area and by Intended Market - Year-to-Date

Sub Market Area	SINGLES			MULTIPLES			TOTAL		
	YTD 2002	YTD 2003	% change	YTD 2002	YTD 2003	% change	2002	2003	% change
Hamilton CMA	1708	1353	-20.8%	1002	977	-2.5%	2,710	2,330	-14.0%
Hamilton City	356	219	-38.5%	114	76	-33.3%	470	295	-37.2%
Burlington City	489	396	-19.0%	551	558	1.3%	1,040	954	-8.3%
Stoney Creek City	338	230	-32.0%	122	23	-81.1%	460	253	-45.0%
Ancaster Town	227	175	-22.9%	114	113	-0.9%	341	288	-15.5%
Dundas Town	33	29	-12.1%	8	0	-100.0%	41	29	-29.3%
Flamborough	122	79	-35.2%	18	0	-100.0%	140	79	-43.6%
Glanbrook	88	109	23.9%	58	81	39.7%	146	190	30.1%
Grimsby Town	55	116	110.9%	17	126	641.2%	72	242	236.1%

Table 3: Average Price of Completed and Absorbed Single-Detached Dwellings

Sub Market Area	Q3 2002	Q3 2003	% Change	YTD 2002	YTD 2003	% Change
Hamilton CMA	\$267,875	\$285,634	6.6%	\$260,863	\$280,633	7.6%
Hamilton City	\$214,191	\$230,612	7.7%	\$208,260	\$218,432	4.9%
Burlington City	\$347,059	\$297,089	-14.4%	\$325,049	\$328,793	1.2%
Stoney Creek City	\$241,819	\$249,441	3.2%	\$250,838	\$244,087	-2.7%
Ancaster Town	\$217,400	\$369,520	70.0%	\$216,277	\$294,099	36.0%
Dundas Town	\$273,644	\$281,000	2.7%	\$280,236	\$322,860	15.2%
Flamborough	\$329,918	\$469,308	42.2%	\$311,520	\$406,765	30.6%
Glanbrook	\$223,739	\$236,756	5.8%	\$216,182	\$228,852	5.9%
Grimsby Town	\$243,339	\$274,859	13.0%	\$267,082	\$262,200	-1.8%

Source: CMHC

Note: N/A may appear where CMHC data suppression rules apply

Table 4: Completed and Absorbed Single-Detached Units by Price Range

AREA	PRICE RANGES										TOTAL
	<\$150,000		\$150 -174,999		\$175-249,999		\$250-\$299,999		\$300,000+		
	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	Units	Share (%)	
Hamilton CMA											
Q3 2003	0	0.0%	2	0.4%	173	38.4%	100	22.2%	176	39.0%	451
Q3 2002	0	0.0%	4	0.7%	313	55.3%	103	18.2%	146	25.8%	566
YTD 2003	2	0.1%	6	0.4%	674	46.6%	225	15.5%	540	37.3%	1447
YTD 2002	5	0.3%	12	0.8%	830	54.4%	322	21.1%	358	23.4%	1527
Hamilton City											
Q3 2003	0	0.0%	2	3.9%	31	60.8%	15	29.4%	3	5.9%	51
Q3 2002	0	0.0%	0	0.0%	98	95.1%	4	3.9%	1	1.0%	103
YTD 2003	0	0.0%	4	1.6%	216	88.5%	19	7.8%	5	2.0%	244
YTD 2002	0	0.0%	0	0.0%	329	98.5%	4	1.2%	1	0.3%	334
Burlington City											
Q3 2003	0	0.0%	0	0.0%	32	22.5%	15	10.6%	95	66.9%	142
Q3 2002	0	0.0%	1	0.6%	2	1.3%	41	25.9%	114	72.2%	158
YTD 2003	0	0.0%	0	0.0%	46	10.0%	55	11.9%	361	78.1%	462
YTD 2002	0	0.0%	2	0.5%	8	1.9%	149	34.7%	270	62.9%	429
Stoney Creek City											
Q3 2003	0	0.0%	0	0.0%	72	60.5%	31	26.1%	16	13.4%	119
Q3 2002	0	0.0%	0	0.0%	80	68.4%	31	26.5%	6	5.1%	117
YTD 2003	0	0.0%	1	0.3%	209	69.0%	65	21.5%	28	9.2%	303
YTD 2002	0	0.0%	1	0.4%	126	56.3%	84	37.5%	13	5.8%	224
Ancaster Town											
Q3 2003	0	0.0%	0	0.0%	4	7.4%	11	20.4%	39	72.2%	54
Q3 2002	0	0.0%	0	0.0%	86	95.6%	1	1.1%	3	3.3%	90
YTD 2003	0	0.0%	0	0.0%	69	41.3%	31	18.6%	67	40.1%	167
YTD 2002	0	0.0%	0	0.0%	211	94.2%	8	3.6%	5	2.2%	224
Dundas Town											
Q3 2003	0	0.0%	0	0.0%	0	0.0%	4	80.0%	1	20.0%	5
Q3 2002	0	0.0%	0	0.0%	1	11.1%	8	88.9%	0	0.0%	9
YTD 2003	0	0.0%	0	0.0%	3	7.0%	12	27.9%	28	65.1%	43
YTD 2002	0	0.0%	0	0.0%	3	9.1%	26	78.8%	4	12.1%	33
Flamborough											
Q3 2003	0	0.0%	0	0.0%	1	7.7%	0	0.0%	12	92.3%	13
Q3 2002	0	0.0%	0	0.0%	9	23.7%	13	34.2%	16	42.1%	38
YTD 2003	2	3.9%	1	2.0%	6	11.8%	6	11.8%	36	70.6%	51
YTD 2002	5	4.1%	4	3.3%	24	19.5%	40	32.5%	50	40.7%	123
Glanbrook											
Q3 2003	0	0.0%	0	0.0%	13	72.2%	5	27.8%	0	0.0%	18
Q3 2002	0	0.0%	0	0.0%	25	89.3%	2	7.1%	1	3.6%	28
YTD 2003	0	0.0%	0	0.0%	81	83.5%	14	14.4%	2	2.1%	97
YTD 2002	0	0.0%	0	0.0%	103	93.6%	5	4.5%	2	1.8%	110
Grimsby Town											
Q3 2003	0	0.0%	0	0.0%	20	40.8%	19	38.8%	10	20.4%	49
Q3 2002	0	0.0%	3	13.0%	12	52.2%	3	13.0%	5	21.7%	23
YTD 2003	0	0.0%	0	0.0%	44	55.0%	23	28.8%	13	16.3%	80
YTD 2002	0	0.0%	5	10.0%	26	52.0%	6	12.0%	13	26.0%	50

Source: CMHC

Note: N/A may appear where CMHC data suppression rules apply

Table 5: Resale Housing Activity for Hamilton Real Estate Board

	Number of Sales	Yr/Yr %	Sales SAAR	Number of New Listings	New Listings SAAR	Sales-to-New Listings SA	Average Price (\$)	Yr/Yr %	Average Price (\$ SA
January	849	37.6%	14,200	1,314	16,500	86.1	\$175,008	7.1%	\$178,042
February	1094	32.6%	13,400	1,384	16,000	84.1	\$183,278	5.6%	\$180,149
March	1195	16.9%	12,500	1,582	16,400	75.9	\$179,975	6.4%	\$179,874
April	1415	25.6%	13,000	1,677	16,200	80.5	\$182,210	4.0%	\$180,788
May	1319	4.4%	12,200	1,692	16,100	75.8	\$185,514	3.7%	\$179,543
June	1059	-2.2%	11,600	1,362	15,200	76.5	\$185,706	6.5%	\$182,315
July	1019	-3.9%	10,700	1,392	15,200	70.8	\$188,236	8.2%	\$190,349
August	978	-1.7%	11,700	1,211	15,500	75.5	\$185,462	6.8%	\$188,032
September	1040	19.1%	13,800	1,279	16,400	83.9	\$188,914	10.6%	\$188,166
October	1021	4.9%	12,600	1,393	17,200	72.9	\$182,996	8.9%	\$186,805
November	889	4.7%	12,500	985	15,400	81.1	\$183,314	7.1%	\$188,445
December	604	-6.6%	11,600	579	14,200	81.9	\$177,003	2.4%	\$180,277
January	751	-11.5%	12,700	1,294	16,200	78.0	\$186,875	6.8%	\$188,540
February	1067	-2.5%	13,000	1,520	17,400	74.9	\$191,886	4.7%	\$187,792
March	1076	-10.0%	11,500	1,545	15,700	73.5	\$190,956	6.1%	\$190,828
April	1207	-14.7%	11,200	1,541	15,000	74.6	\$198,559	9.0%	\$194,779
May	1281	-2.9%	12,600	1,656	16,200	78.2	\$198,466	7.0%	\$195,637
June	1313	24.0%	14,200	1,644	17,400	81.4	\$205,718	10.8%	\$197,828
July	1354	32.9%	13,900	1,615	17,200	80.5	\$196,472	4.4%	\$195,657
August	1035	5.8%	13,000	1,259	16,800	77.5	\$199,421	7.5%	\$199,809
September	1117	7.4%	13,700	1,502	17,700	77.3	\$199,927	5.8%	\$202,258
October									
November									
December									
Q3 2002	3,037	3.7%	12,060	3,882	15,680	0.77	\$187,575	8.5%	\$188,771
Q3 2003	3,506	15.4%	13,504	4,376	17,220	0.78	\$198,443	5.8%	\$199,215
YTD 2002	9,968	12.4%		12,893			\$183,889	6.2%	
YTD 2003	10,201	2.3%		13,576			\$197,069	7.2%	
1993	7,747	-10.0%		25,623	-9.9%		\$143,433	-5.0%	
1994	8,345	7.7%		23,833	-7.0%		\$145,939	1.7%	
1995	7,737	-7.3%		21,983	-7.8%		\$141,109	-3.3%	
1996	10,224	32.1%		19,133	-13.0%		\$142,267	0.8%	
1997	9,972	-2.5%		17,755	-7.2%		\$151,538	6.5%	
1998	10,017	0.5%		17,549	-1.2%		\$153,628	1.4%	
1999	10,543	5.3%		16,208	-7.6%		\$158,162	3.0%	
2000	10,347	-1.9%		19,496	20.3%		\$164,168	3.8%	
2001	11,334	9.5%		18,585	-4.7%		\$172,567	5.1%	
2002	12,482	10.1%		15,850	-14.7%		\$183,442	6.3%	

Source: Canadian Real Estate Association

Table 6: Economic Indicators

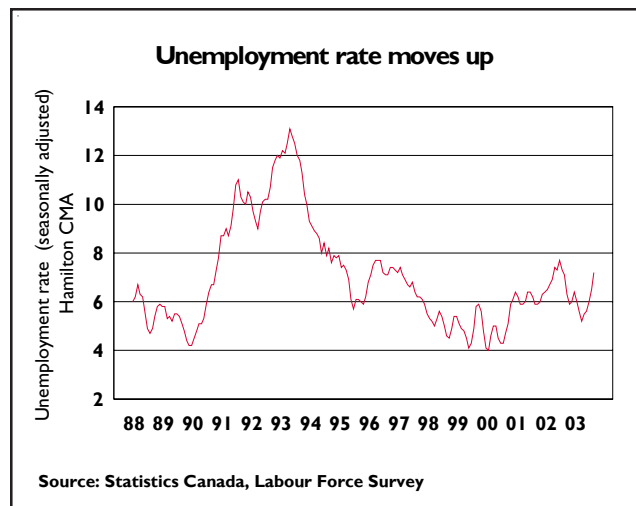
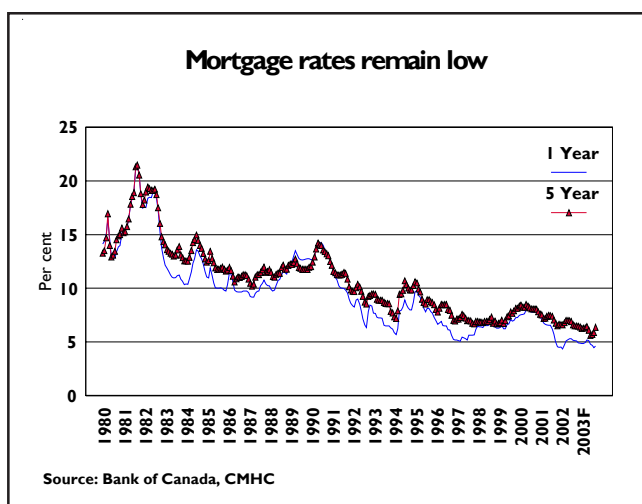
		Interest and Exchange Rates			Inflation Rate Ontario 1996=100	NHI*** % chg.		Hamilton CMA Labour Market		
		P & I* Per \$100,000	Mortgage Rate			Exch. Rate (\$US/\$Cdn)	Hamilton CMA 1997=100	Employment SA** (.000)	Employment SA m/m (%)	Unemployment Rate (%) SA
			1 Yr. Term	5 Yr. Term						
2002	January	\$700.42	4.6%	7.0%	0.630	1.2%	2.8%	334.3	-0.7%	6.4%
	February	\$691.18	4.6%	6.9%	0.624	1.4%	3.2%	334.4	0.0%	6.5%
	March	\$719.04	5.3%	7.3%	0.627	1.9%	2.8%	338.2	1.1%	6.7%
	April	\$728.42	5.4%	7.5%	0.638	1.4%	3.0%	340.9	0.8%	6.9%
	May	\$725.28	5.6%	7.4%	0.654	0.8%	3.6%	343.4	0.7%	7.4%
	June	\$715.92	5.6%	7.3%	0.660	1.2%	3.8%	346.4	0.9%	7.3%
	July	\$703.51	5.4%	7.1%	0.632	2.1%	3.6%	347.5	0.3%	7.7%
	August	\$688.11	5.4%	6.8%	0.642	2.9%	4.7%	348.2	0.2%	7.3%
	September	\$681.99	5.3%	6.7%	0.630	2.3%	4.5%	349.0	0.2%	7.1%
	October	\$700.42	5.3%	7.0%	0.642	2.8%	5.6%	352.1	0.9%	6.3%
	November	\$681.99	4.9%	6.7%	0.639	3.8%	7.1%	356.6	1.3%	5.9%
	December	\$681.99	4.9%	6.7%	0.634	2.8%	7.4%	358.2	0.4%	6.0%
2003	January	\$666.80	4.9%	6.5%	0.657	4.3%	7.2%	358.9	0.2%	6.4%
	February	\$675.90	4.9%	6.6%	0.674	4.4%	6.4%	359.2	0.1%	6.0%
	March	\$691.18	5.4%	6.9%	0.681	3.3%	7.6%	360.9	0.5%	5.6%
	April	\$678.94	5.4%	6.7%	0.698	2.3%	7.3%	360.1	-0.2%	5.2%
	May	\$648.75	5.1%	6.2%	0.731	2.7%	7.0%	358.6	-0.4%	5.5%
	June	\$627.97	4.9%	5.8%	0.742	2.5%	6.2%	358.8	0.1%	5.6%
	July	\$651.74	4.6%	6.2%	0.712	1.9%	7.0%	361.2	0.7%	6.0%
	August	\$660.76	4.6%	6.4%	0.722	1.7%	7.0%	364.9	1.0%	6.5%
	September	\$657.75	4.6%	6.3%	0.741	2.2%		365.4	0.1%	7.2%
	October									
	November									
	December									

* Payment and Interest, 5yr mortgage rate, 25yr amortization

** Seasonally Adjusted

*** New House Price Index

Source: CMHC, Statistics Canada Labour Force Survey



Definitions

1. Starts: refers to units where construction has advanced to a stage where full (100%) footings are in place. For multiple dwellings (semi-detached, row housing and apartments) the definition of a start applies to the structure or block of row units rather than to the project as a whole.

2. Under Construction: those units which have been started but which are not complete.

3. Completions - Single-detached/semi-detached units: this generally is the stage at which all proposed construction work is complete. A unit may be completed at the 90% stage where the remaining work is largely cosmetic. **Row housing/ Apartment:** completions means that 90% or more of the dwelling units within a block of row units or an apartment structure are completed and ready for occupancy

4. Completed and Not Absorbed: all completed units of new construction (excluding model homes not available for sale) which have never been sold or leased.

5. Absorptions: the number of completed units (excluding model homes) that have been sold or leased.

6. Seasonally Adjusted (SA): Actual monthly (or quarterly) figures adjusted to remove normal seasonal variation.

7. Seasonally Adjust Annual Rates (SAAR): Seasonally adjusted monthly figures multiplied by 12 (or quarterly figures multiplied by 4) to reflect annualized levels of activity.

8. Definitions for CMA, NHPI, CPI, and Inflation Rate can be found in the Statistics Canada website - <http://www.statcan.ca>

MAKING A MOVE TOWARD SUSTAINABILITY

CMHC offers a wide cross-section of information products to consumers and the housing industry to allow for informed purchasing and decision-making. CMHC information products include publications on sustainability.

With the help of CMHC, consider sustainability when choosing the next neighbourhood to call your home. To order a copy of "Your Next Move: Choosing a Neighbourhood With Sustainable Features" and other research publications, call 1-800-668-2642 or click on www.cmhc-schl.gc.ca.

RENTAL MARKET SURVEY 2003

THE RENTAL MARKET INFORMATION YOU NEED AS FAST AS YOU WANT IT!!

To succeed in today's market, you need the INFORMATION EDGE. CMHC is the source for expert analysis and comprehensive data on the rental market in your community.

Rental Market Survey FastFaxes are available November 26. In Ontario, 27 Fastfaxes are available giving summarized rental survey results. Only \$30 + gst. The more comprehensive Rental Market Reports for 9 Ontario CMAs will be available the week of December 29 at a cost of \$40 + gst.

To obtain more information or to order your Rental Market Fastfaxes or Reports, please call 1-800-493-0059

Housing Now is published four times yearly for the Hamilton Metropolitan market. Forecast Summary Supplement is included with the 1st and 3rd quarter reports. An annual subscription to the Hamilton Housing Now is \$55.00 plus GST. To order, please contact Ontario customer service at 1-800-493-0059.

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of

Canada Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions

contained in this publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.



F

ORECAST

Hamilton

SUMMARY

Canada Mortgage and Housing Corporation

ISSUE:
FALL 2003

New Home Market

Housing starts to move higher in 2004

Strong employment gains in 2003 will drive new home starts higher in 2004. The rapid pace of job creation this year has put the Hamilton CMA on track to boost the annual average employment level by more than 15,000 jobs. The growing ranks of those newly employed will increase the household formation rate and thus, the need for additional dwelling units. Look for housing starts to increase 3.6 percent to 3,575 in 2004 from a forecast 3,450 in 2003.

Rising prices and mortgage rates creeping higher will dampen future demand somewhat as carrying costs increase. The first time buyer will be impacted more so by rising carrying costs due to their lack of equity. Many first time buyers in 2004 will look at less expensive forms of housing such as semis

and townhomes rather than the more expensive single detached segment. Thus, multiple housing starts will expand 10.9 percent to 1,775 units next year.

On the other hand, move up buyers who have seen large equity gains will continue to benefit from rising prices. As such, there will be continued demand for higher end homes in areas such as Ancaster and Dundas where the average price of a new single detached home has been bouncing around the \$300,000 mark all year. Flamborough is also another noteworthy move up market as the average price topped the \$400,000 in the first three quarters of the year. While repeat buying will remain strong, single detached starts are forecast to decline 2.7 percent to 1,800 units in 2004.

The new home market will continue to benefit from a shortage of new listings in

IN THIS ISSUE

New Homes

- 1 Housing starts to move higher in 2004

Resale Market

- 2 Booming resale market on pace to set a new record

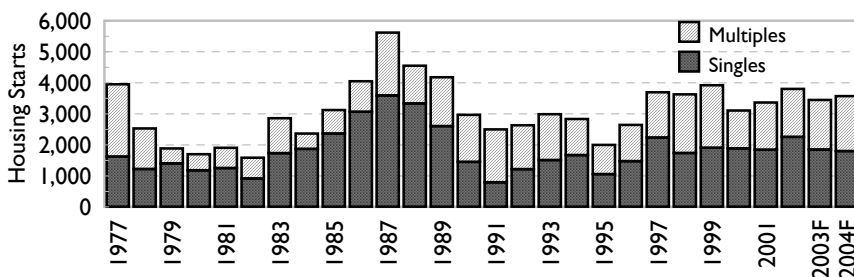
Rental Market

- 2 Vacancy rate to move higher

Economic Indicators

- 3 Employment pushes higher
- 3 Mortgage rates on the rise - still low by historical standards
- 3 Consumer confidence slides
- 4 Forecast Summary

Hamilton CMA
Multiples to move 2004 starts higher



Source: CMHC

the resale market. The Hamilton area has one of the highest sales to new listings ratios in all of Ontario and as a result, the resale market is very tight. Many potential resale buyers have found their way over to the new home market to meet their housing needs as many builders offer a wide selection of product.

continued on page 2

CMHC - Market Analysis
Brent Weimer
(416) 218-3329
bweimer@cmhc-schl.gc.ca



HOME TO CANADIANS
Canada

Land, labour and material costs have been pushing up the price of new homes all year. The new house price index (NHPI) was up 7 percent on a year over

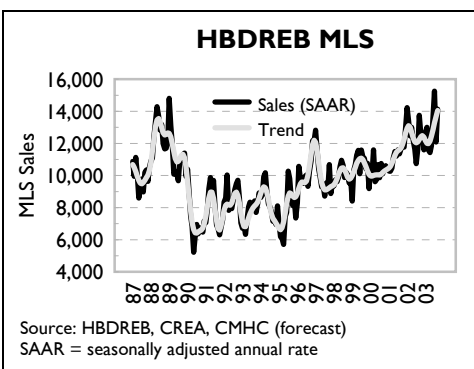
year basis in August, significantly above the general rate of inflation. Thus, the average price of a new single detached home is forecast to rise 7.1 percent this

year to \$280,000. Next year will continue to see rising new home prices, with the average price of a new single coming in at \$295,000.

Resale Market

Booming resale market on pace to set a new record

The resale market has been building momentum all year, soaring to new heights this summer when mortgage rates bottomed out. MLS® sales reached an all time high in July on a seasonally adjusted annual rate (SAAR) basis pushing resales to their best third quarter ever.



Solid employment gains and strong consumer confidence added fuel to the low mortgage rate environment pushing MLS® sales higher. The supply of new listings, however, has not kept pace.

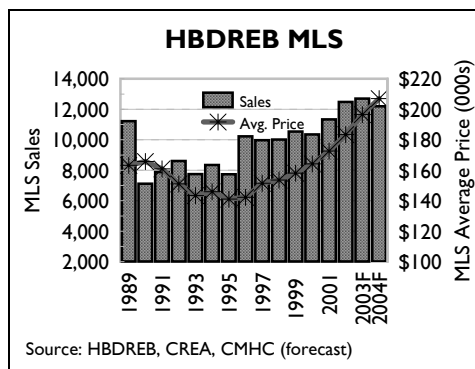
The ensuing sales to new listings ratio (SnLR) gives Hamilton the distinction of having one of the tightest resale markets in Ontario.

The limited number of new listings flowing onto the market indicates that much of the home buying activity is being driven by first time buyers. As prices rise and mortgage rates creep higher, first time buyers will be faced with increased carrying costs. The increased carrying costs will marginally dampen this demand. Repeat buyers will continue to benefit from equity gains in their existing homes as prices continue to rise.

Looking forward into 2004, resales will pull back marginally from their forecasted record high 12,700 sales this year. While demand will soften due to rising carrying costs, a larger proportion of repeat buyers will boost the number of new listings flowing onto the market. The increase in the number of new listings will remove some of the supply constraints, leaving fewer frustrated buyers who were having difficulty finding their dream home. Marginally softer

demand coupled with fewer supply constraints will result in 12,200 MLS® sales next year.

The resale market this year is best described as a strong sellers' market. The very high sales to new listings ratio has placed sellers' in the drivers seat, and resulted in price increases easily out pacing the general rate of inflation. The average resale price will rise 7.1 percent to \$196,500 this year. While next year will continue to see strong sales, additional listings will ease price pressures. The 2004 average MLS® price is forecast to increase 5.3 percent to \$207,000.

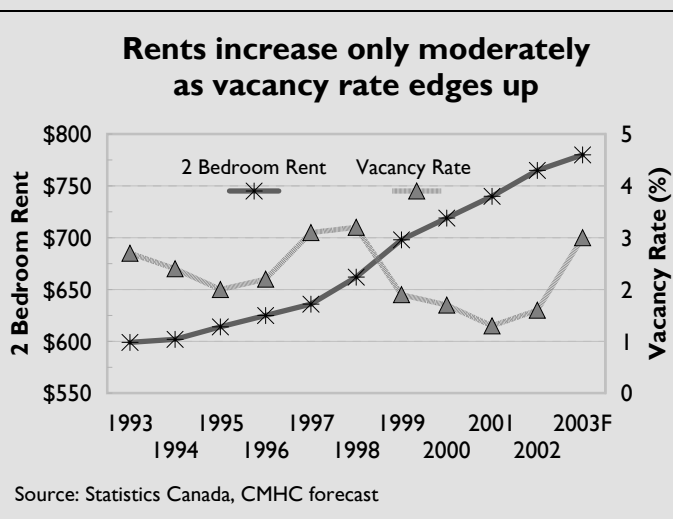


Rental Market

Vacancy rate to move higher

The Hamilton CMA rental market is forecast to soften this year as first time buyers take advantage of mortgage rates near historic lows and take the plunge into home ownership. The 2003 vacancy rate will increase for a second consecutive year due to this decline in rental demand as supply remains stagnant. The exodus out of the rental market will continue to outpace those newly formed household moving into rental accommodation, thus the overall demand for rental housing has softened. While youth employment has been expanding this year, a red hot housing market is continuing to woo renters into ownership at an even faster clip. The private apartment vacancy rate is forecast to rise to 3.0 percent this year. As the vacancy rate rises, the pace of rent increase will slow. As such, the average rent for a two bedroom unit will edge up by 2.0 percent to \$780, compared to the previous year's 3.4 percent hike.

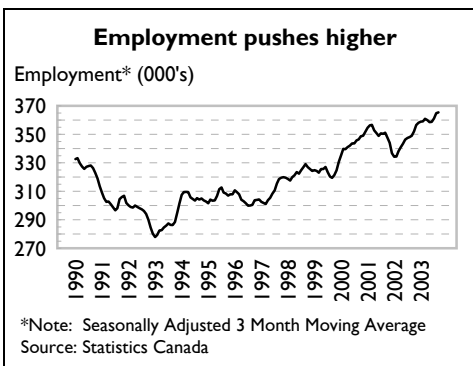
To order the 2003 Hamilton Rental Market FastFax (November 26) or Report (December 29), please call 1-800-493-0059.



Economic Overview

Employment pushes higher

The seasonally adjusted employment level soared to an all time high this fall. Over the past 12 months ending September 2003, there have been over 17,000 jobs added to the Hamilton CMA employment ranks. It has mainly been the younger aged workers who have benefited over the past 12 months while those workers aged 45 to 64 have actually seen a minor loss in their total employment level. Youth employment, those aged 15 to 24, added over 5,000 jobs to their ranks while workers in the 25 to 44 age group increased by more than 12,000 jobs.



The increase in youth employment will impact housing demand in the rental market. Younger households tend to rent, thus additional jobs for those aged

15 to 24 will result in increased demand for rental accommodation. This increased demand will offset much of the effect of first time buyers leaving the rental market.

Further analysis of the job numbers look even better with nearly three-quarters of the recent job growth classified as full time. Full time job growth, and jobs for younger aged workers bode well for the future of the Hamilton housing market. Employment growth in these areas increases the rate of household formation, and hence the demand for housing. Typically, an increase in employment is followed by an increase in home buying activity 6 to 18 months later. Thus, many of this year's newly employed people will be the home buyers of 2004.

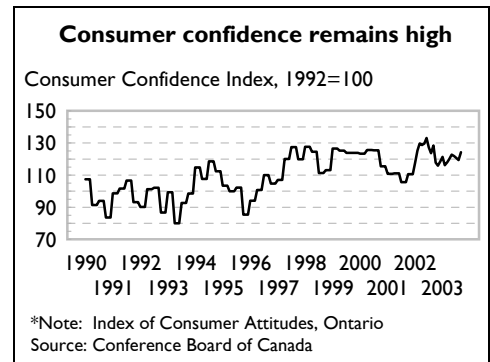
For 2003, the Hamilton CMA annual average employment level is forecast to expand by 4.3 percent, more than making up for last year's 0.5 percent decline. While the soaring Canadian dollar is acting as a drag on exports, the American economy is set to take off thereby increasing their demand for Canadian goods. At 2.2 percent, employment growth in 2004 won't be as good as this year, nor will it as weak as it was in 2002.

The Hamilton manufacturing sector has done very well considering the prior weakness in the American economy and recent run up in the Canadian dollar. In fact, the manufacturing sector has led the way adding over 11,000 jobs in the twelve month period ending September

2003. The service sector has also performed well over this same time period increasing its ranks by an additional 5,300 jobs. Small year over year gains were also recorded in the trade, public administration and FIRE (finance, insurance and real estate) sectors.

Consumer confidence remains high

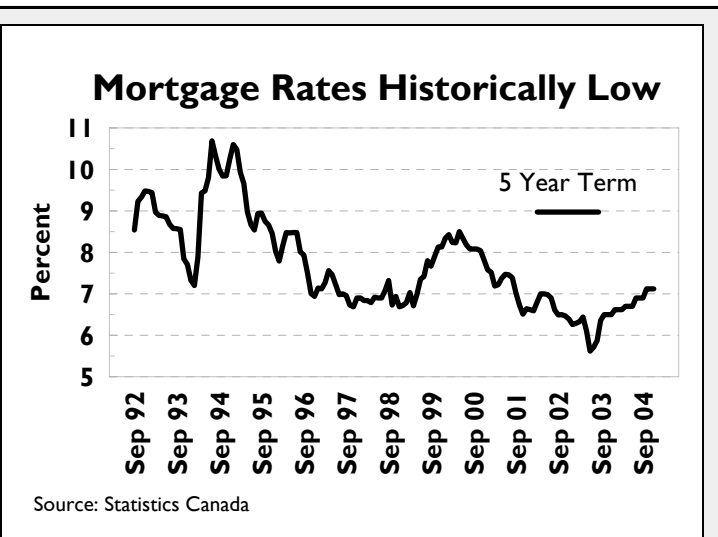
After soaring to a 14 year high in the summer of 2002, consumer confidence in Ontario took a hit from geopolitical and health concerns. Since then, confidence levels have moved higher, reaching a one year high in September. While jobs give people the means to buy and low mortgage rates keep home ownership affordable, consumer confidence is a key indicator in peoples willingness to follow through with a purchase. Consumer confidence is expected to remain high in the near future, thereby continuing to support the strong housing market.



Mortgage rates on the rise - still low by historical standards

A decelerating inflation rate and lingering trade, health, and geopolitical risks will keep Canadian interest and mortgage rates low in the near future. Short-term Canadian interest rates are forecast to remain low over the next few months prior to rising 25-75 basis points in 2004. Long-term yields are forecast to continue their upward trend later this year and rise by 25-50 basis points both this year and in 2004.

One, three and five-year posted closed mortgage rates are expected to be in the 4.25-5.25, 5.25-6.25, and 6.00-6.75 percent range respectively this year. The mortgage rates are forecast to rise by 0.50-0.75 percent next year. Discounts from posted rates will be in the 0.5-1.5 percent range.



FORECAST SUMMARY

HAMILTON CENSUS METROPOLITAN AREA

NEW HOME MARKET	2001	2002	2003F	% Change	2004F	% Change
Complete and Unoccupied (Sept)						
Single-detached	191	286	50	-82.5%		
Multi-family (semi, row, apt.)	296	208	70	-66.3%		
Starts						
Single-detached	1,842	2,259	1,850	-18.1%	1,800	-2.7%
Multi-family	1,523	1,544	1,600	3.6%	1,775	10.9%
Total	3,365	3,803	3,450	-9.3%	3,575	3.6%
Average New House Price						
Single-detached	\$253,334	\$261,341	\$280,000	7.1%	\$295,000	5.4%

RESALE MARKET

Hamilton-Burlington and District						
REB						
MLS ¹ Sales	11,334	12,482	12,700	1.7%	12,200	-3.9%
MLS New Listings	18,585	15,850	17,000	7.3%	18,000	5.9%
Sales-to-Listings Ratio	61.0%	78.8%	74.7%		67.8%	
MLS Average Price	\$172,567	\$183,442	\$196,500	7.1%	\$207,000	5.3%

RENTAL MARKET

Apartment Vacancy Rate	1.3%	1.6%	3.0%			
Average Rent (2 bedroom)	\$740	\$765	\$780	2.0%		

ECONOMIC OVERVIEW

Mortgage Rate (1 year term)	6.14	5.17	4.85		4.89	
Mortgage Rate (5 year term)	7.40	7.02	6.42		6.83	
Employed (000's)	348.4	347.9	363.0	4.3%	371.0	2.2%
Employment Growth (000's)	3.1	-0.5	15.1		8.0	
Net Migration (tax filer data)	6,992	6,500	6,700	3.1%	6,000	-10.4%

Sources: CREA, Hamilton-Burlington and District Real Estate Board, Statistics Canada, and Conference Board of Canada
¹ Multiple Listings Service (MLS) is a registered certification mark own by the Canadian Real Estate association (CREA)

Forecast Summary is CMHC's forecast for new home and resale markets. Issues are released in the Spring and Fall of each year.

For more information contact
 Brent Weimer at (416) 218-3329
 eMail bweimer@cmhc-schl.gc.ca

Forecast Summary is published by Canada Mortgage and Housing Corporation. All rights reserved.

To become a subscriber or for more information about CMHC's wide range of housing related publications, please call 1-800-493-0059.

Housing Now is published four times yearly for the Hamilton Metropolitan market. Forecast Summary Supplement is included with the 1st and 3rd quarter reports. An annual subscription to the Hamilton Housing Now is \$55.00 plus GST. To order, please contact Ontario customer service at 1-800-493-0059.

© 2003 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada

Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this

publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.

